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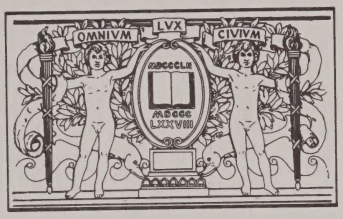

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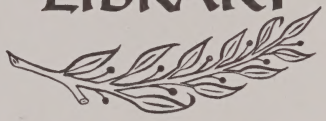

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Recent Condominium Development Patterns, 1986 - 1988

Rolf Goetze

Boston Redevelopment Authority
Policy Development and Research Department

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City of Boston
Raymond L. Flynn, Mayor

Boston Redevelopment Authority
Stephen Coyle, Director
Alexander Ganz, Assistant Director
Policy Development and Research

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Recent Condominium Development Patterns, 1986 - 1988

Introduction

Based on master deeds, Boston had nearly 34,000 condominiums as of January 1, 1989 -- over one eighth of the units in the city's total housing stock. However, based on a sample of one in ten condominiums, it appears that many thousands of these units have not actually been sold as condominiums.

Of the total of 33,921 condominiums, there are at least 8,500 and possibly as many as 11,400 units that are being classified as condominiums for Fiscal Year 1990 by the assessor, yet have not been sold as such. They probably continue to serve as rentals due to the owner's inability or unwillingness to sell in the current slack market.

Most of these thousands of unsold condo units were recorded on master deeds filed prior to early 1988 when the Rent Equity Board established a permit removal system. Thus they constitute a new class of rental dwelling exempt from rent controls -- and one about which we know relatively little.

Despite the significant number of unsold condominiums and the 26 percent drop in the volume of sales during 1988, median condominium prices increased 9 percent from $127,000 in 1987 to $139,000 in 1988. This report focuses on the recent changes and implications of these findings.

Highlights:

o Based on 370 master deeds filed during 1988, creating 2,357 additional units, Boston's rate of condominium conversion/development has dropped by over 50 percent, compared to the pace of 1985 - 87, which averaged 4,840 annually.

o In 1988 the large majority of units, 74.9 percent, were again conversions, just as in the past. An evaluation of Rent Equity Board data suggests that 592 of the total 2,357 units in 1988 were new construction.

o Increasingly, condominiums are in smaller buildings. Nearly 31 percent of all 1988 units, or 727 of the 2,357, were in 1-4 unit developments, as market forces continue to encourage triple-decker owners to file condominium master deeds. Condominiums are now a significant housing type in all Boston planning districts.

o Condominiums nevertheless remain concentrated in certain areas. Allston-Brighton has 7,442 total condominium units (21.9 percent of the city total), while 6,619 (19.5 percent) are in Back Bay-Beacon Hill, and another 5,091 (15.0 percent) are in the Central planning district. Altogether, 56.5 percent of all condominiums, or 19,152 units, are in these three planning districts.

o As recently as 1987, considerably more condominium units were sold throughout Boston than the annual total for which master deeds were filed in the prior year. During 1988, however, the increase in units based on master deeds has moved well ahead of the number actually sold. The several year backlog of unsold units appears to be primarily in existing properties for which owners filed master deeds in order to be able to convert them. These properties are presumably still occupied by tenants, but many are no longer rent controlled.

o The practice of the Assessor to assess units converted into condomi~niums in the fiscal year following the filing of a master deed roughly doubles the tax revenue on these properties to the city. However, the majority of units created since the end of 1984, 8,700 of 16,900, have not yet been sold as condominiums.

The Recent Condominium Record[1]

The basic development trends identified in Condominium Development in Boston, 1969 - 1987 still apply. As shown in Table 1, the annual creation of residential condominiums slowed sharply in 1988 to 2,357 units, less than half the number of units created in 1987. However, since over 30 percent applied to properties with four units or less and master deeds are filed per building rather than per unit, the decline in the number of deeds filed in 1988 was less abrupt. At 370 master deeds, 1988 was still the third highest year in terms of master deeds.

[1] The BRA Research Dept. continues to maintain a citywide masterdeed file showing the number of condominium units by address, year of filing masterdeed, and location by planning district, ward and precinct, electoral district, and census tract. Where available, development names are also shown in this file.

Table 1: Annual Creation of Residential Condominiums in Boston by Year, 1969 - 1988

Year	Master Deeds		Condominium Units	
1969	1	0.0%	8	0.0%
1970	3	0.1	29	0.1
1971	7	0.2	208	0.6
1972	13	0.4	145	0.4
1973	24	0.8	486	1.4
1974	28	0.9	474	1.4
1975	17	0.6	218	0.6
1976	24	0.8	268	0.8
1977	21	0.7	206	0.6
1978	59	1.9	813	2.4
1979	158	5.2	1,676	4.9
1980	136	4.4	1,860	5.5
1981	207	6.8	3,357	9.9
1982	141	4.6	2,795	8.2
1983	130	4.3	1,873	5.5
1984	238	7.8	2,614	7.7
1985	350	11.4	4,560	13.4
1986	474	15.5	4,596	13.5
1987	656	21.5	5,378	15.9
1988	370	12.1	2,357	6.9
Total	3,057	100.0%	33,921	100.0%

Source: BRA Research Dept. compilation of Suffolk County Registry of Deeds records

However, the master deeds filed in 1988 created only half as many units as the 350 filed in 1985, as the average dropped from 13 units per property in 1985 to 6.3 in 1988. Furthermore, it seems likely that a considerable number of master deeds filed after 1986 were not for immediate conversion but simply to maintain the smaller property owner's option of converting at a future date, as free of regulation as possible.

Table 2 traces the unit growth in condominiums by planning district, showing the demand pattern for condominiums spreading from Back Bay-Beacon Hill and Central into Allston-Brighton, West Roxbury, Fenway-Kenmore, the South End and Jamaica Plain. Table 3 immediately below shows the percentage distribution by planning district of the activity in recent years.

Table 2: Additions to Boston's Residential Condominium Stock by Planning District, 1969 - 1988

Planning District	1969-75	'76-80	'81-85	1986	1987	1988	Total
Boston City Total:	1,568	4,823	15,199	4,594	5,378	2,357	33,919
1. East Boston			190	100	204	141	635
2. Charlestown		39	384	242	392	139	1,196
3. South Boston		132	338	169	305	269	1,213
4. Central	303	745	2,616	750	524	153	5,091
5. Back Bay/Beacon Hill	1,128	1,649	2,500	661	510	171	6,619
6. South End	36	208	1,123	483	471	268	2,589
7. Fenway/Kenmore	17	300	1,866	632	328	8	3,151
8. Allston/Brighton	3	954	4,136	682	1,279	388	7,442
9. Jamaica Plain	12	326	767	272	396	190	1,963
10. Roxbury			8	58	168	75	309
11. N.Dorchstr/UphmsCornr		6	91	176	147	80	500
12. S.Dorchstr/Flds Cornr		3	264	119	280	140	806
13. Mattapan/Franklin		102	127	65	47	86	427
14. Roslindale		80	83	35	148	131	477
15. West Roxbury	69	279	672	120	127	76	1,343
16. Hyde Park			34	30	52	42	158

Source: BRA Research Dept. compilation of Suffolk County Registry of Deeds records

Table 3: Percentage Distribution of Additions to Boston's Residential Condominium Stock by Planning District, 1969 - 1988

Planning District	1969-75	'76-80	'81-85	1986	1987	1988	Total
Boston City Total:	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1. East Boston			1.3	2.2	3.8	6.0	1.9
2. Charlestown		0.8	2.5	5.3	7.3	5.9	3.5
3. South Boston		2.7	2.2	3.7	5.7	11.4	3.6
4. Central	19.3	15.4	17.2	16.3	9.7	6.5	15.0
5. Back Bay/Beacon Hill	71.9	34.2	16.4	14.4	9.5	7.3	19.5
6. South End	2.3	4.3	7.4	10.5	8.8	11.4	7.6
7. Fenway/Kenmore	1.1	6.2	12.3	13.8	6.1	0.3	9.3
8. Allston/Brighton	0.2	19.8	27.2	14.8	23.8	16.5	21.9
9. Jamaica Plain	0.8	6.8	5.0	5.9	7.4	8.1	5.8
10. Roxbury			0.1	1.3	3.1	3.2	0.9
11. N.Dorchstr/UphmsCornr		0.1	0.6	3.8	2.7	3.4	1.5
12. S.Dorchstr/Flds Cornr		0.1	1.7	2.6	5.2	5.9	2.4
13. Mattapan/Franklin		2.1	0.8	1.4	0.9	3.6	1.3
14. Roslindale		1.7	0.5	0.8	2.8	5.6	1.4
15. West Roxbury	4.4	5.8	4.4	2.6	2.4	3.2	4.0
16. Hyde Park			0.2	0.7	1.0	1.8	0.5

Source: BRA Research Dept. compilation of Suffolk County Registry of Deeds records

At the beginning of 1989, Allston-Brighton had over 7,400 condominiums, 21.9 percent of the city's condo stock. This is a greater number than any of Boston's other 15 planning districts. Other districts with high proportions of condominiums include Back Bay-Beacon Hill (19.5 percent), Central (15.0 percent) and Fenway-Kenmore (9.3 percent).

Table 4 shows the increasing participation of 1-4 unit properties, mainly Boston's renowned triple-deckers becoming converted into condominiums. Table 5, directly below, shows the percentage of all units by planning district and year that were in developments of four units or less. In some planning districts, notably Charlestown, North Dorchester and Roxbury, over 40 percent of all condominiums were in properties containing four units or less.

Note that the shift towards converting or developing smaller properties is quite recent. As Table 5 shows, the rising percentage had only reached 7.9 percent in the years 1981 through 1985, but thereafter it climbed to 17.5 percent of all units in 1986, 24.0 percent in 1987, and 30.8 percent in 1988.

As neighborhood housing markets strengthened, as household incomes rose into higher tax brackets, as buyers and bankers became more accustomed to condos and the paperwork associated with them became standardized, and as the threat of additional regulations to prevent future conversions grew, filing a master deed for converting triple-deckers into condominiums became prudent for owners.

Table 6 shows the distribution of new residential condominium construction in 1988. Four developments in Allston-Brighton, comprising 222 units, accounted for 37.5 percent of new condo developments. Another 4 developments in Roslindale created 109 new units, and one development in the Central district added 88 new units. In these three planning districts, new development was the major condominium activity. Elsewhere, new developments were smaller and secondary in impact compared to conversions.

Table 4: Boston's Residential Condominiums Created in 1-4 Unit Structures by Planning District, 1969 - 1988

Planning District	1969-75	'76-80	'81-85	1986	1987	1988	Total
Boston City Total:	56	343	1,203	803	1,291	727	4,423
1. East Boston	0	0	24	34	68	33	159
2. Charlestown	0	15	218	97	152	65	547
3. South Boston	0	0	52	78	165	137	432
4. Central	4	61	75	45	57	20	262
5. Back Bay/Beacon Hill	45	167	197	53	76	21	559
6. South End	4	63	381	166	163	68	845
7. Fenway/Kenmore	0	27	87	19	44	3	180
8. Allston/Brighton	3	0	42	51	69	28	193
9. Jamaica Plain	0	7	80	112	174	116	489
10. Roxbury	0	0	3	16	83	29	131
11. N.Dorchstr/UphmsCornr	0	0	9	41	97	60	207
12. S.Dorchstr/Flds Cornr	0	3	16	49	68	74	210
13. Mattapan/Franklin	0	0	12	6	9	25	52
14. Roslindale	0	0	3	20	42	27	92
15. West Roxbury	0	0	2	2	15	13	32
16. Hyde Park	0	0	2	14	9	8	33

Source: BRA Research Dept. compilation of Suffolk County Registry of Deeds records

Table 5: Percent of All Residential Condominiums Created in 1-4 Unit Structures by Planning District, 1969 - 1988

Planning District	1969-75	'76-80	'81-85	1986	1987	1988	Total
Boston City Total:	3.6	7.1	7.9	17.5	24.0	30.8	13.0
1. East Boston			12.6	34.0	33.3	23.4	25.0
2. Charlestown		38.5	56.8	40.1	38.8	46.8	45.7
3. South Boston		0.0	15.4	46.2	54.1	50.9	35.6
4. Central	1.3	8.2	2.9	6.0	10.9	13.1	5.1
5. Back Bay/Beacon Hill	4.0	10.1	7.9	8.0	14.9	12.3	8.4
6. South End	11.1	30.3	33.9	34.4	34.6	25.4	32.6
7. Fenway/Kenmore	0.0	9.0	4.7	3.0	13.4	37.5	5.7
8. Allston/Brighton	100.0	0.0	1.0	7.5	5.4	7.2	2.6
9. Jamaica Plain	0.0	2.1	10.4	41.2	43.9	61.1	24.9
10. Roxbury			37.5	27.6	49.4	38.7	42.4
11. N.Dorchstr/UphmsCornr		0.0	9.9	23.3	66.0	75.0	41.4
12. S.Dorchstr/Flds Cornr		100.0	6.1	41.2	24.3	52.9	26.1
13. Mattapan/Franklin		0.0	9.4	9.2	19.1	29.1	12.2
14. Roslindale		0.0	3.6	57.1	28.4	20.6	19.3
15. West Roxbury	0.0	0.0	0.3	1.7	11.8	17.1	2.4
16. Hyde Park			5.9	46.7	17.3	19.0	20.9

Source: BRA Research Dept. compilation of Suffolk County Registry of Deeds records

Table 6: New Construction in Boston's Residential Condominium Creations by Planning District, 1988

Planning District	New Construction Cases	Units	Percnt	Percent of Units Created	Total Created Cases	Units
Boston City Total:	31	592	100.0	25.1	370	2,357
1. East Boston	6	46	7.8	32.6	23	141
2. Charlestown	2	9	1.5	6.5	31	139
3. South Boston	3	30	5.1	11.2	54	269
4. Central	1	88	14.9	57.5	12	153
5. Back Bay/Beacon Hill				0.0	20	171
6. South End	1	16	2.7	6.0	40	268
7. Fenway/Kenmore				0.0	2	8
8. Allston/Brighton	4	222	37.5	57.2	22	388
9. Jamaica Plain	1	14	2.4	7.4	49	190
10. Roxbury	3	20	3.4	26.7	17	75
11. N.Dorchstr/UphmsCornr	2	10	1.7	12.5	23	80
12. S.Dorchstr/Flds Cornr	3	24	4.1	17.1	33	140
13. Mattapan/Franklin	1	4	0.7	4.7	13	86
14. Roslindale	4	109	18.4	83.2	12	131
15. West Roxbury				0.0	10	76
16. Hyde Park				0.0	8	42

Source: BRA Research Dept. compilation of Suffolk County Registry of Deeds records and Rent Equity Board data.

Unsold Condominiums

Table 7 contains an analysis of condominium units created by master deeds through 1988 but that have never sold on the market, based on the H & P street sample of one unit in ten.[2] As this table reveals, only 22,600 have sold. This is only 66 percent of the city's 34,000 condominiums based on master deeds. The great majority of the 11,400 unit balance are probably what might be considered "unexecuted rental conversion options."[3] There are also some instances involving triple-decker

[2] This sampling technique was selected because it enabled comparison of data from many sources, including the BRA's citywide master deed file, City Assessing Dept. records, and Banker & Tradesman records of sales and listings by neighborhood, with EOCD/Abt study data of Boston and regional housing and demographic changes, 1980 - 86, and County Home Data for Suffolk County.

[3] These findings have been reviewed with Alan Pasnick of the Banker & Tradesman, who compiled the sales data. Due to coding inaccuracies in the Registry of Deeds, there are likely to be some instances of sales which were not matched to the particular unit/address. However, painstaking inspection of the H and P street data in all the Banker & Tradesman real estate publications suggests these unmatched sales are only a secondary problem. The

conversions in which the buyer sold off only two of the condo units in order to retain the third converted condo as an affordable dwelling of his own.

Table 8 shows more detail for the critical years, 1985 through 1988. Whereas 16,900 condominiums were created by master deeds filed between 1/1/85 and 1/1/89, 49.7 percent of the city's total, some 8,700, or more than half of these (51 percent), remain unsold. While it may not be surprising that many of the '87 and '88 developments are not yet completed, note that only slightly more than half of the '85 developments and less than half the '86 developments appear to have been sold.

Furthermore, in Table 7 there appears to be a total of another 2,700 units, (about one-quarter of the unsold inventory of 11,400 units), for which master deeds were filed prior to the end of 1984, more than four years ago. These too have not yet appeared on the market.[4]

Table 7: Count of Residential Condominiums Created, Sold and Unsold, 1970 - 1988

Entire City	*70-74*		*75-79*		*80-84*		*85-88*		*All Years*	
Units Created	*1,400*	*4.1%*	*3,200*	*9.4%*	*12,500*	*36.8%*	*16,900*	*49.7%*	*34,000*	*100.0%*
Units Sold	*1,300*	*5.8*	*2,900*	*12.8*	*10,200*	*45.1*	*8,200*	*36.3*	*22,600*	*100.0*
Units Unsold	*100*	*0.9*	*300*	*2.6*	*2,300*	*20.2*	*8,700*	*76.3*	*11,400*	*100.0*
Portion Sold (in percent)	*93*		*91*		*82*		*49*		*66*	

Source: BRA Research Dept. Compilation of Master Deeds and Extrapolation of Banker & Tradesman Sales on H and P Streets

data in Table 7 appear to be a valid reflection of the overall pattern.

[4] The end of this paper discusses the absorption rate of these unsold condominiums. Note that Tables 7 and 8 indicate "vintages" of condominiums created by master deed in a given year and the number of these units that have ever been sold and never been sold by the end of 1988, not the number sold in the year created.

Table 8: Annual Count of Residential Condominiums Created, Sold and Unsold, Individual Years, 1985 - 1988

Entire City	*85*	*86*	*87*	*88*	*85-88*
Units Created	*4,500*	*4,600*	*5,400*	*2,500*	*16,900*
Units Sold	*2,400*	*2,200*	*2,700*	*900*	*8,200*
Units Unsold	*2,100*	*2,400*	*2,700*	*1,600*	*8,700*
Portion Sold (in percent)	*53*	*48*	*50*	*36*	*49*

Source: BRA Research Dept. Compilation of Master Deeds and Extrapolation of Banker & Tradesman Sales on H and P Streets

Condominium Median Price Trends

Table 9, which is derived from the Banker & Tradesman 1988 Sales Report, reveals that median condo sales prices rose 13 percent from $112,000 in 1986 to $127,000 in 1987, and another 9 percent to $139,000 in 1988. Viewed by neighborhoods, the "Boston" median obscures many neighborhood medians that remained under $120,000.[5]

This record of median sales prices by neighborhood is worth closer inspection because it indicates that the recent 1988 median in many neighborhoods was lower than most people realize. Allston-Brighton : $117,500; Dorchester: $110,000; East Boston: $105,000; Hyde Park: $120,000; Jamaica Plain: $118,000; Mattapan and Roxbury: $109,000. These are also the areas in which a substantial inventory of unsold units remains. It is axiomatic that half the units sold for less than the median sales price. Reviewing the 1988 sales statistics indicates that many sales were still under $100,000.

Given these median sales prices and the current volume of unsold condominiums, the August 1988 BRA paper Fostering More Homeownership Through Converting Triple-deckers is still very relevant. The appeal of rental triple-deckers to traditional investor owners has been diminished by the 1986 tax reforms. At the same time, each year brings additional such properties onto the market – and conversion is a relatively affordable way to commence equity ownership.

[5] Note that these data have been compiled using the Registry of Deed indications of "neighborhood." "Boston" as used here includes the Back Bay-Beacon Hill, Central (North End and Waterfront), and South End planning districts, as well as a significant number of others which listed in Boston as a convenience, but should actually have been listed in neighborhoods more distant from downtown.

Table 9: Median Residential Condominium Sales Prices and Number of Sales by Neighborhood, 1986 - 1988

	Median Condo Price/Sale (in dollars)			Number of Condo Sales		
	1986	1987	1988	1986	1987	1988
CITY TOTAL	112,000	127,000	139,000	5,928	5,813	4,295
ALLSTON-BRIGHTON	93,000	104,000	117,500	1,242	1,157	872
BOSTON*	128,340	152,290	170,000	3,320	2,820	2,001
CHARLESTOWN	132,500	160,000	155,000	316	322	184
DORCHESTER	91,500	100,000	110,000	92	298	266
EAST BOSTON	98,000	100,000	105,000	102	158	107
HYDE PARK	81,000	100,000	120,000	30	79	55
JAMAICA PLAIN	93,500	111,725	118,000	309	364	286
MATTAPAN	64,000	135,000	109,000	4	22	5
ROSLINDALE	73,000	99,900	142,900	51	91	109
ROXBURY	75,000	105,000	109,000	14	72	71
SOUTH BOSTON	105,000	120,000	127,000	130	147	161
WEST ROXBURY	101,000	121,000	136,500	318	283	178

** See text for explanation and footnote 4.*
Source: Compiled by BRA Research Department from Banker & Tradesman Real Estate Trendlines Report, Suffolk County Statistical Overview, 1986 - 1988.

This information suggests that in 1988 there were many condominiums outside the walking radius from the Boston Common and Public Gardens selling for $100,000 and even less. Based on comments of real estate brokers, this is still true today.

Sales Turnover and Average Value Increases

Table 10 shows that the citywide volume of property sales of all types dropped from 11,387 properties in 1986 to 8,385 in 1988. However the average dollar value per sale in 1986 and 1988 stayed at around $250,000. Separating condominium sales from all other residential, commercial, and bare land transfers of $1,000 or more, reveals that the per-

centage of condominiums in the sales mix was 52.1 percent in 1986 and 51.2 percent in 1988. Average condominium value per sale, however, increased steadily through 1988.

Table 10: Citywide Property Sales in Boston by Type, 1986 - 1988.

	Number of Sales			Total Dollar Value (in millions)		
	1986	1987	1988	1986	1987	1988
All Sales	11,387	10,007	8,385	2,798	2,130	2,110
Condominium	5,928	5,813	4,295	818	969	798
Res/Comm*	5,459	4,194	4,090	1,979	1,159	1,310
	Percent of all Sales			Average Unit Value/Sale (in dollars)		
All Sales	100.0	100.0	100.0	245,731	212,815	251,608
Condominium	52.1	58.1	51.2	138,137	166,847	186,018
Res/Comm*	47.9	41.9	48.8	362,568	276,529	320,486

**Res/Comm includes all commercial, residential and bare land transfers over $1000, but no condominium sales*

Source: Compiled by BRA Research Dept. from Banker & Tradesman Real Estate Trendlines Report, for Suffolk County, 1989

Average condominium prices, the focus of this paper, have risen from around $138,000 in 1986 to $186,000 in 1988. The increase to $167,000 in 1987 was 20.8 percent, and the further rise in the average for 1988 was another 11.5 percent.[6]

In terms of total dollar volume, the value of condominiums sold in 1986, $819 million, was around 27 percent of the City's $2.8 billion real estate sales volume; the $799 million worth sold in 1988 was some 38 percent of that year's $2.1 billion sales volume. Condominiums have become a very important component of Boston's property tax base in recent years. Recall that in both 1986 and 1988, slightly over half of all sales transactions involved individual condominiums.

[6] Averages tend to be higher than medians. Also, due to a growing number of higher priced condominium units, averages have risen more than medians.

A Winter 1989 Frontline Public Television program showed Boston Back Bay condominiums serving as one of several ways currently used to "launder" drug money, as suitcases filled with bills were used to acquire units on the market. The program demonstrated plausibly that this was happening in Boston, but did not indicate its probable extent.

Condominiums in the Context of Land Uses and Assessed Valuations

Table 11 examines the corresponding counts and changes in Boston property parcels and assessments. First it reveals the growth in total parcels from 115,757 in Fiscal Year '87 to 125,340 in FY'89.[7] This growth was almost entirely condominiums, which increased by 9,473 units, from 21,476 in 1986 to 30,913 in 1988, while all the other categories remained fairly constant at around 94,300 parcels.

The lower section of Table 11 reveals that the percentage of parcels classed as residential condominiums rose from 18.6 percent in FY'87 to 24.7 percent in FY'89. The right section shows that the aggregated assessed values of all condominiums, $2.45 billion in FY'87, was 10.9 percent of the total assessed value of property in the City. By FY'89 it had more than doubled to over $5 billion, rising to 14.6 percent of total assessed value.

Table 11: Citywide Property Assessments in Boston by Type, FY86 - FY88.

	Number of Parcels			Total Assessed Dollar Value (in billions)		
	FY87*	FY88	FY89	FY87	FY88	FY89
City total	115,757	120,157	125,340	22.5	27.1	34.2
Condominium	21,476	25,813	30,913	2.4	3.4	5.0
All other	94,281	94,344	94,427	20.0	23.7	29.2
	Percent of All Parcels			Percent of Total Assessed Valuation		
City total	100.0	100.0	100.0	100.0	100.0	100.0
Condominium	18.6	21.5	24.7	10.9	12.6	14.6
All other	81.4	78.5	75.3	89.1	87.4	85.4
Average Assessed Value of Condominium: (in dollars)				114,205	132,448	162,205
Av. Condo Assessm't/Sales Price Ratio: (in percent)				82.7	79.4	87.2

** Fiscal years begin July 1 of preceding calendar year; see text.*
Source: Compiled by BRA Research Dept. from Banker & Tradesman Real Estate Trendlines Report, for Suffolk County, 1989

[7] Fiscal Year '87 began July 1, 1986, and ended June 30, 1987. For FY'87, the Assessor's Office counted 21,476 parcels as CD, the code for residential condominiums. This was 150 units, or about 0.7 percent lower than the number of units shown in Table 1 as having filed a masterdeed prior to Jan. 1, 1986, and included by address on the BRA condominium masterdeed file.

By FY'88 this difference had increased to 373 units, and by FY '89 it was 651. Discussing this difference with George Moses of the Boston Assessing Department revealed that it is believed there were some properties that changed back after filing masterdeeds as condominiums. Determining which ones did will involve an address by address comparison of the Assessor's and BRA files.

Average assessed valuation of condominiums rose from $114,205 in FY'87 (roughly equal to the median value, $112,000, for the corresponding time period, 1986), to $162,205 in FY'89, well above the corresponding median of $139,000.

The overall assessment to sales price ratio rose from 82.7 percent in FY'87 to 87.2 percent in FY'89, indicating that the City was assessing condominiums increasingly closer to market value.

Table 12 serves to place sales turnover into a citywide perspective. In 1986, a year in which 9.8 percent of all Boston's parcels were sold, 27.6 percent of all properties classed as condominiums experienced a sale – many for the first time as a condo, others as resales. This volume of condo sales in 1986, 5,928 (Table 10), was larger than the additional 4,560 condos created by master deeds in the preceding year, noted in Table 1.

The right hand portion of Table 12 relates the value of all property sales to assessed valuation of all property in Boston. This suggests that in 1986 all sales amounted to 12.4 percent of total valuation, and condo sales equalled 33.4 percent of the value of all condominium parcels. By 1988, the lower level of sales combined with increased assessments resulted in all sales amounting to only 6.2 percent of total valuation, and condo sales to 15.9 percent of total condominium valuation.

In 1988 only 6.7 percent of all parcels were sold. The 4,295 condominium sales accounted for only 13.9 percent of all condo parcels, a number significantly smaller than the 5,387 additional units created by filing new master deeds in the preceding year – confirming that there must be a substantial backlog of unsold condominiums.

Table 12: Citywide Property Sales Turnover Rates in Boston by Type, 1986 - 1988.

	Percent of All Parcels Sold			Percent of Total Assessed Value "Sold"		
	1986	1987	1988	1986	1987	1988
City total	9.8	8.3	6.7	12.4	7.9	6.2
Condominium	27.6	22.5	13.9	33.4	28.4	15.9
All other	5.8	4.4	4.3	9.9	4.9	4.5

Source: Compiled by BRA Research Dept. from Banker & Tradesman Real Estate Trendlines Report, for Suffolk County, 1989

Table 12 suggests that non-condo parcels recently turned over to new ownership at the rate of 5 to 6 percent per year (there being fifteen to twenty times as many parcels as sales in a given year), whereas the annual sales rate of condominiums was somewhere between 14 and 28 percent of all condominium parcels. Making the conservative assumption that 6 percent of the pre-existing condominiums would naturally have come on the market again in 1988 for resale, this would call for some 1,200 turnover sales.[8] With a total of only 4,295 condo sales in 1988, and 1,200 resales, only 3,095 additional condominiums could have been absorbed by the market in 1988. At this rate, Boston has a three to four year backlog of unabsorbed condominiums.[9]

If more condominiums were offered at 1987 prices, volume of sales would increase, but it would jeopardize a significant portion of the City's property tax base, since even the many unsold condominium units have been assessed at values close to 1988 market prices.

Since the condominium market now has such a large backlog of unsold units, it will be important to watch both sales prices and volume in coming years. The 1986 Tax Reforms have sharply diminished the incentives for investors to acquire and hold residential property. The higher condominium property tax assessments on unsold units may encourage more properties to come on the market – increasing resident ownership rates but transforming existing stock that was previously in rental tenure as privately owned, affordable housing.

Note that only between 5.8 and 4.3 percent of all other properties sold in these years. In other words, only one property sold in every twenty. This suggests that at most only one-quarter to one-third of Boston's "residential but not condo" properties have changed ownership at the high, post-1983 prices. The large majority have not, meaning that most owners have not yet sought their economic windfall. One is tempted to speculate that if more properties had changed hands, then the rise in prices

[8] Estimating very conservatively, a total of 20,000 condominiums had been sold as such by December 31, 1987. Some six percent of these are assumed to have resold during 1988, creating 1,200 resales.

[9] If one assumes a 10 percent market turnover rate and 25,000 existing units, then the resulting 2,500 turnover sales would have allowed only 1,795 additional (previously unsold) condominiums to be absorbed, making it a six year backlog.

might not have been so great – and assessments on all would not have risen so greatly.[10]

[10] Some believe that recent abrupt price increases resulted from too many two career households chasing too few available units, inducing conversion of former rental stock and displacing one paycheck families previously occupying the units as tenants.

Others point out that Proposition 2 1/2 contributed to the rise in prices because it forced the collected annual property taxes down to less than 2.5 percent of market value before the sharp rise in values. Since that time, property taxes have been allowed to rise no more than 2.5 percent annually, making the current effective tax rate about 1.25 percent of market value. Some believe that lower taxes have allowed values to rise more than they might have otherwise.